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ABSTRACT

This booklet suggests ways in which institutions--Catholic schools in particular--can move beyond public relations and advertising to engage in the broader arena of marketing with its focus on consumer satisfaction. The first of the book's three chapters reviews the concept of marketing, providing definitions of key terms, clarification of marketing's focus, a discussion of exchange relationships, and a comment on the importance of the school's acceptance of marketing's dual role as an organizational philosophy and a functional tool. Chapter 2 focuses on activities that will enable the school to "listen" to the marketplace, including developing a marketing committee, carrying out a marketing audit, and identifying and understanding the target market and the factors affecting that market's decision-making. The third chapter examines the marketing mix, a combination of products, prices, locations for offering the product, and methods for promoting the product that when administered as an integrated whole will most effectively use the school resources to reach and satisfy the target market. Applying these concepts in the school setting is stressed. An appendix provides a marketing audit for a Catholic school, consisting of questions for assessing the school's marketing environment, marketing strategy, and marketing activities. (PGD)

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Marketing

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Marketing

by Dr. David L. Appel
Department of Marketing
University of Notre Dame

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About the Author

David L. Appel is currently a Professor of Marketing in the College of Business Administration at the University of Notre Dame. He holds a B.A., M.B.A. and D.B.A. in business from Michigan State University. After leaving M.S.U., he joined the faculty of the Department of Marketing at Notre Dame in 1968, and served as Chairman of the Department from 1974 to 1980.

Dr. Appel is active in teaching and research in a variety of areas. Current areas of interest include strategic market planning, marketing research, marketing planning and marketing strategy development, as they relate to both nonprofit and business organizations. Present teaching assignments focus heavily in the graduate program, and include courses in marketing taught to the Executive M.B.A., M.B.A. and M.S.A. programs in the College. In 1973, he developed the first course in "Marketing for Nonprofit Organizations" taught at N.D., which he continues to teach.

He is also actively involved in consulting, seminar development and speaking engagements with educational institutions, hospitals and fund raising organizations. Most of his consulting focuses on the development and use of market and consumer information, as it relates to strategic decision making and the development of marketing strategies for a nonprofit organization. Seminar activity centers on helping organizations to gain an understanding of marketing as an important tool to help an organization serve its market better. Past articles relating to marketing have appeared in *Momentum*, and speeches have been delivered at meetings of UNDA and the National Conference on Catholic School Finance.

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Foreword

Marketing is more than just selling a service or product. The important distinction between public relations and marketing is thoroughly developed in this booklet. Catholic institutions can improve their service to clients when they implement the concepts of marketing which are explained here.

Dr. David L. Appel is fully prepared to address the topic of this "how to" book. His consulting work and seminar development over the years give him much practical background to understand the applications of marketing principles to Catholic schools and other institutions.

Dr. Appel has taken time from a very busy schedule to write this very practical text. In the name of NCEA members, I wish to publicly thank him for a job well done.

Reverend Robert J. Yeager
Vice President/Development
March 1, 1986

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Many individuals have played an important role leading to the development of this book. While it is impossible to mention all of them, two people have each played a key role in stimulating my interest in, and knowledge of, nonprofit marketing. Mr. John Augenstein, former Superintendent of Schools for the Catholic Diocese of Youngstown and Brother Leo Ryan, C.S.V., Dean of the College of Commerce at DePaul University have both stimulated and challenged me in developing a better knowledge of the role of marketing in the nonprofit organization. Each has been very helpful in their own way.

I would also be remiss if I did not thank my wife Judi, and our children—David, Michael and Deborah—for their patience with me on this and many other projects. Finally I want to thank Mrs. Patricia Flanigan, who has typed more drafts of various projects than I care to remember. Without each of these people, this book would not be a reality. This is their book, as much as it is mine.

—David L. Appel

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CHAPTER 1

WHAT IS MARKETING?

Introduction

As many non-profit organizations are learning—and often too late—the difference between success and outright failure is often how well the organization uses marketing. This can be readily seen today in health care, religious, social service, and charitable organizations, as well as in educational organizations of all types. Given the present combination of increasing competition and declining demand faced by many non-profit organizations, it is not enough to just use marketing. It is often necessary for a non-profit organization to use it "better" than competing organizations. The fact that most non-profit organizations, including Catholic schools, are already using some elements of marketing. However, few non-profit organizations have progressed to the point where they are receiving the full benefits that an integrated, organization-wide marketing program can deliver.

In future years, the use of marketing is going to become even more important to church professionals and school leaders. In many cases, not only the health of Catholic schools, but their basic survival, will depend on how well marketing is used to understand the needs and wants of publics that a school seeks to serve. Public relations or advertising alone, simply will not do the job. They are ways that a school can "talk" to various publics that it seeks to serve. However, marketing is much more comprehensive than either public relations or advertising. Marketing is not only concerned with "talking" to a school's publics. More importantly, marketing is concerned with "listening" to those publics a school consid-

ers serving, before any attempt at "talking" is undertaken. This is a major, and important, distinction. The purpose of this book is to help the reader understand this important difference, and learn how to use marketing as a means of helping non-profit organizations achieve their objectives through serving the public better than the competition. The book will begin with an overview of what marketing is, in order to provide the reader with a better understanding of this important concept. It will then continue with a discussion of how a school can begin to use this important concept as a means of carrying out the school's mission or purpose. As you read through the material a number of questions are asked. Answer these questions with respect to your organization as a means of beginning your school's marketing effort. While the focus of this book is on the Catholic school, what is discussed here is applicable to other non-profit organizations as well.

Some Marketing Definitions

To aid the reader's understanding, several key marketing terms and their definitions will be provided here. Other terms and their definitions will be introduced into the text where appropriate. Simple, "user-friendly" definitions are provided here. Readers wishing a more comprehensive definition can find them in one of the texts listed in the Bibliography.

- *Public*—A public is any group or organization that has a potential interest in a school, and that can potentially affect the school's ability to achieve its mission or purpose.
- *Market*—A market is any of a school's publics that the school is interested in "marketing" to, in order to establish an exchange relationship between the school and that public.
- *Needs and Wants*—Needs are the lack of some basic human necessities such as food, protection, safety, belonging or esteem. Needs are a state of felt deprivation of these basic satisfactions. Wants are human desires for specific satisfiers of these deeper needs, such as hamburgers, smoke detectors, joining a club or church.
- *Exchange*—An exchange, or exchange relationship, is a trade of something of mutual value between at least two individuals or organizations, such as a school and its students.

- *Marketing*—Marketing is a school's effective management of these exchanges, or exchange relationships, with selected publics and markets.
- *Marketing Mix*—A marketing mix is the total mix, or blend, of marketing efforts planned and implemented by a school to achieve an exchange with selected publics and markets. The marketing mix includes elements of product, place (i.e., distribution), promotion and price developed by the school. Sometimes this is called an organization's marketing program.
- *Market Offering*—A school's total marketing mix offered to a public or market as a means of developing an exchange. A market offering is the school's marketing mix viewed from the market's perspective.

Marketing Is Exchange

Using marketing is the key to a school's ability to improve the way that it relates to its external environment. Marketing is a proactive approach to managing, that emphasizes a school's development of exchange relations between the school and selected markets. It is proactive because it is a means of attempting to adapt the school to anticipated changes in the publics and markets that it chooses to serve. In other words, marketing is the process by which a school attempts to anticipate changing needs and wants in various markets, and then adjusts the school's market offering to serve these changing needs and wants. The emphasis begins outside the school, rather than inside the school. This external orientation reflects an understanding of the fact that the only way a school can achieve its mission or purpose, is by meeting the needs of those individuals, or markets, that it attempts to serve.

Thus, marketing is how a school attempts to create exchanges (i.e., trades of mutual value to each party in the exchange) with its various publics and markets. These publics can include students, parents, teachers, school boards, pastors, parishioners, accrediting associations, civic and government leaders and the press, to name only a few possibilities. Not all publics will be treated as markets, due to the time and resources necessary to develop a marketing effort. Certainly two publics that would be continual markets would be present and potential students and their parents. As appropriate, other publics would be treated as markets, with marketing ef-

forts being developed. Some of these would be continual marketing efforts, such as a public relations program targeted at the local press. Other marketing efforts would be undertaken only on a special occasion, such as the development of a "case statement" to be used in a specific fund raising effort. In all of these situations, marketing is the key to helping a school effectively manage its exchange relationships with the chosen publics and markets.

Marketing Focuses On Consumer Want Satisfaction

Marketing starts with people (e.g., students, parents, teachers, or reporters) and studies why people "consume," or purchase, certain goods and services. All people have certain needs and wants from the very basic physiological needs, through safety needs, social needs, esteem needs, up to self-actualization needs. These basic needs, and their associated wants, influence people in terms of their consumption decisions, such as whether a student desires to attend a Catholic or public school. Marketing for a school begins with studying and understanding the needs and wants of the people that it hopes to serve, and ends with helping these people to be able to satisfy their needs and wants. Thus, marketing for the school must start and end with the people, or markets, the school desires to serve.

To satisfy the needs and wants that people have, individuals seek out products (e.g., goods, services, programs, ideas) that they believe will provide them satisfaction. Organizations, such as Catholic schools, create these products through their market offering. For example, a school's market offering might include such factors as educational programs offered, class size, religious orientation, location, academic reputation, sports program, and overall image. A key point to remember, is that although a school creates a market offering, individuals are more interested in the satisfaction of their needs and wants through this market offering, than they are in the market offering itself. In other words, it is the benefits that a school's market offering deliver to the individual that potentially provide satisfaction. Thus, in developing any market offering, a school must focus not on the features of a school's market offering, but rather on the benefits and want satisfactions delivered by these features.

An individual's personal values are what determine which products are purchased. People tend to value a product, if the

benefits delivered by the product helps them to solve a problem or to satisfy a need. This is true whether we're talking about the purchase of an automobile, or the selection of a school to attend. For example, if a parent values the specific benefits that a school can deliver to a student, then they will generally desire to send the student to that school. Similarly, if a local business person believes in the mission or purpose of a school, and values the education being provided by the school, the business person is likely to support the school in terms of time and/or effort.

An individual receives satisfaction in an exchange relation when the individual's expectation of benefits desired are delivered by an organization's market offering. Satisfaction for an individual, or consumer, is either received or not received in consuming a product. If satisfaction is received, then this same purchase process is likely to be repeated. For example, if parents have a high level of satisfaction concerning the education that one of their children has received at a given school, they are likely to want their other children to attend the same school. However, if they are unhappy with the education that first child received at a particular school, they are very unlikely to want a second child to attend that school. Thus, satisfaction with the exchange process between an individual and a school, will likely determine whether future exchanges take place or not.

It is important to realize that marketing is a process. Marketing is a process that focuses on the creation of exchanges. A school needs to be concerned about creating a "valued" market offering to exchange. This means offering an educational program that has appropriate features which deliver the benefits desired by the people, or markets, that it hopes to serve. A school can be most successful by developing want-satisfying programs and marketing efforts based on an understanding of the needs and wants of those people, or markets, that the organization hopes to serve.

Understanding Exchanges

One simple way to understand an exchange relationship is to diagram the exchange. The diagram can illustrate either an actual, or a proposed, exchange. A key to diagramming the relationships is to remember that there must be at least two parties to the exchange, and that each party must have some-

thing to trade of potential value to the other party. Wherever possible, it is best to focus on benefits desired and delivered rather than product features. Several examples of exchanges are shown in Exhibit 1. The first example is a simple two-party monetary exchange. The student seeking a source of entertainment goes to a record store and purchases a record or tape that the student has wanted, and expects to receive entertainment from whenever it is played. The student pays money to the owner of the store in return for obtaining this record or tape. The benefit to the student is the entertainment received. The benefit to the store owner is the profit made on the sale, and the use of the remaining money to purchase another record or tape to put into inventory. Expected benefits have been delivered to both parties to the exchange. As long as the student likes the record or tape purchased, and receives the expected benefits in listening to it—probably at too loud a volume—satisfaction will be received by the student.

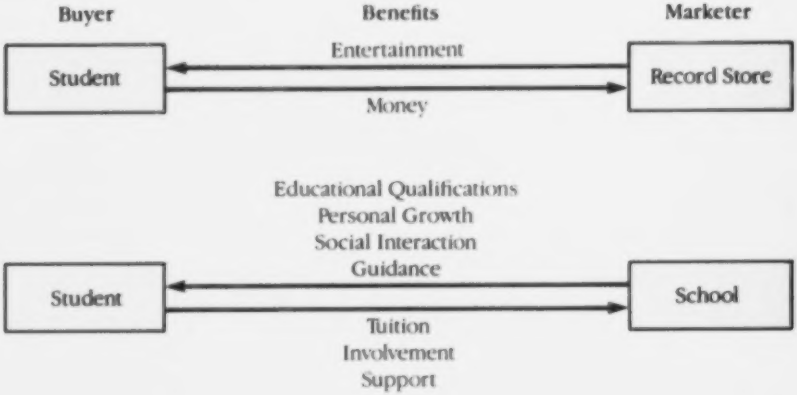

Exhibit 1 Examples of Several Exchange Relationships

The second example is a more complex two-party exchange with both monetary and non-monetary elements. In this example, the student desires a number of different benefits. As a result of the school's market offering the student hopes to obtain benefits relating to educational qualifications, personal growth, social interaction and guidance. In return,

the student—along with his/her parents—exchange tuition, involvement and support, the benefits desired by the school. To the extent that each party to the exchange is satisfied with the benefits delivered, satisfaction is received.

Several additional comments about diagramming exchanges may be helpful to remember.

- Different individuals and/or different markets will often desire different benefits, and it is helpful to diagram each exchange separately so that differences in benefits desired can be better understood.
- More than two parties may be involved in an exchange, such as a parent and a student in a school selection decision, and the benefits desired by each party should be diagrammed and examined separately.
- Understanding the benefits desired by each party to the exchange is a key element that a school must consider in developing its market offering.
- Similar diagrams can be created for any public or market as a means of better understanding the expectations and desired benefits of the group or organization.

Marketing Must Be Accepted At Two Levels

If marketing is going to help a school to improve its exchange relationships with selected markets, then marketing must be accepted and used by the school at two different levels. Marketing must be accepted both as an overall organizational philosophy for the school, and as a functional tool to be used by the school. As a philosophy, marketing is a broadly based consumer orientation called the "Marketing Concept," that must permeate all of the school's activities. The marketing concept, much like a stool, can be viewed as having four legs, each of which is necessary for its successful use. The four key elements (or legs) of the marketing concept are the following:

- The emphasis of the marketing concept is a consumer needs and wants orientation. This means that a school must first have an external consumer orientation (e.g., students, parents) that focuses on their needs and wants, rather than focusing on the needs and wants of the school or the market offering that it has developed.

- A completely integrated market offering must be developed in order to deliver maximum benefits through consumer want satisfaction. This means that the marketing concept must be adopted and practiced by everyone in the school, beginning with the school board and principal; that the school's marketing mix must be integrated internally; and, that marketing must be integrated with the other functional areas (e.g., finance, personnel, etc.).
- The purpose of the marketing effort is to generate consumer satisfaction. This means that the major purpose of developing a market offering is to create a package of benefits that generate a high level of consumer satisfaction, since the benefits delivered closely match the benefits desired by the market.
- It is through the generation of consumer satisfaction that a school is able to achieve its own mission and objectives. This means that through serving individuals or markets very well, their high levels of satisfaction will lead to their support of the school, which will help it to achieve its own goals.

From a functional point of view, it is necessary for a school to accept and use a number of marketing tools and techniques which will help the school to implement the marketing concept. As indicated in Exhibit 2, this is a complex process. Given the school's mission and objectives, it is necessary to use marketing research in order to gain a good understanding of the market's needs, wants, values and satisfactions. With this understanding, a school uses its resources to develop an appropriate market offering designed around a particular market, or group of customers. As discussed earlier, this market offering is the marketing mix consisting of product, place, promotion and price. Product relates to the goods, services, programs or ideas offered by the school. Place relates to the delivery system necessary to bring the school's products in contact with the market. Promotion is concerned with the persuasive communication that occurs between the school and the marketplace. Finally, price relates to the cost to the buyer of acquiring the school's market offering. In order for an exchange to take place, this market offering developed by the school must be able to deliver benefits that are a good match for the benefits desired by the markets being served.

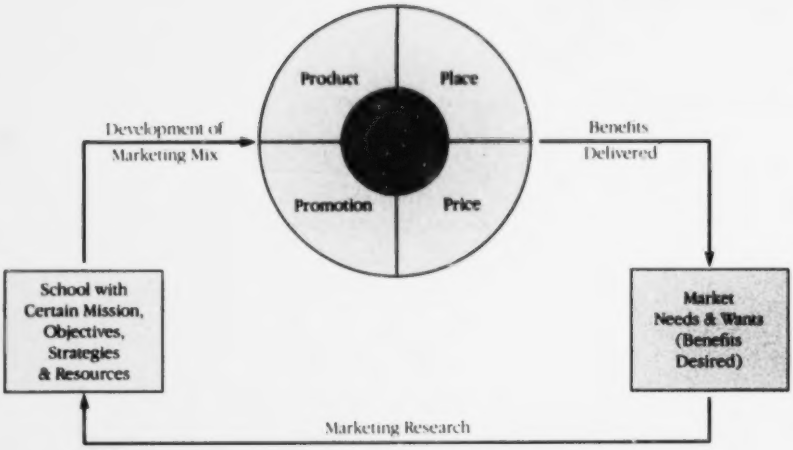

Exhibit 2 Implication of the Marketing Function

Marketing—A Summary Comment

In summary, marketing—if it is used properly—is a managerial approach that a school can use to improve its relationship with the marketplace. It does this by helping a school to study and understand the consumers that it hopes to attract through its market offering. To successfully achieve this, a school must develop a organizational philosophy of a consumer orientation, as well as to appropriately use a series of marketing functions to deliver a market offering that contains the benefits desired by the markets it chooses to serve.

Most non-profit organizations are already using some of the functions of marketing, such as advertising or public relations. As a school begins to utilize marketing in the complete sense of the word, two major benefits generally become evident. First, and most importantly, the school's marketing effort will become more effective in that it increases consumer satisfaction with the school. Second, it is likely that the school's marketing efforts will become more efficient, in that they will become more integrated and work in a synergistic manner. How well a particular school has implemented marketing can be identified by the degree to which the following

major marketing-oriented attributes identified by Kotler (see Bibliography) are present within the school. Why not begin to use your new knowledge of marketing to evaluate your school, by answering each of these questions?

- Does the school have a true consumer orientation? Does the school's administration (from the school board on down) acknowledge the primacy of consumer wants and needs in shaping the organization's plans and operations?
- Does the school have an integrated marketing effort? Is the school organized and staffed to carry out the necessary marketing research, planning, implementation and control at all levels?
- Does the school have adequate marketing information? Does the school's administration receive the kind and quality of information needed to conduct an effective marketing effort?
- Does the school have a strategic marketing orientation? Does the school administration generate innovative marketing strategies and plans for achieving its long-term objectives?
- Does the school have operational efficiency? Are the marketing activities selected and handled in an integrated and cost-effective manner?

Unless the answer is yes to each of these questions, there is significant room for improving both the effectiveness and efficiency of the school's exchange relations through the use of the marketing at both of its levels.

CHAPTER 2

BEGINNING TO DEVELOP A GOOD DATA BASE

Introduction

In Chapter 1, it was suggested that the difference between marketing and public relations or advertising, was that marketing is concerned with "listening" as well as with "talking" to consumers. This means that before a school can develop an appropriate marketing mix, it needs to have a very good understanding of the markets with which it hopes to create an exchange, as well as the markets' perception of the school itself. Thus, before a school can begin to develop its market offering, it needs to assess how it is perceived by those individuals that it hopes to serve.

The logical place to begin this assessment is by identifying how the publics and markets perceive the school at the present time. A school needs to begin the development of a new marketing effort with the realization that by either design, or default, the school has been using elements of marketing. As a result of this, a school has some kind of image in the marketplace. The marketplace also holds certain beliefs and attitudes—both positive and negative—about a school. In addition, a school is continually influencing these images, beliefs and attitudes through new marketing efforts. So it is very important for a school to assess exactly what the publics and markets perceive the school to be at the present time. This should be done before any additional marketing efforts are undertaken. Most importantly, this assessment needs to be made from the point of view of the consumer, rather than the point of view of the school administration itself. This chapter will focus on what needs to be done, in order to enable a school to better "listen" to the marketplace. It will begin by

discussing the development of a marketing committee. Then it will focus on the act of carrying out a marketing audit for the school. Finally it will discuss the need to have a good understanding of the target market with which the school desires to establish exchange relationships, and the purchase decision process that it goes through in reaching a purchase decision. Again, questions are provided to help the reader begin to apply the marketing process.

Establishing A Marketing Committee

The first step that a school needs to undertake as it begins to develop a more formal marketing process, is the establishment of a marketing committee. This marketing committee should be the locus of planning, implementing, and controlling marketing efforts throughout the school. Several key factors are necessary if this marketing committee is to successfully carry out its mission. First, the marketing committee needs top administrative support and involvement. Without this top-level support and involvement, it is unlikely that the marketing committee will end up being effective. Second, it needs broad representation from each of the areas of the school that are to be involved with, or affected by, the marketing effort. The composition of the committee should include the school principal, and representation from the school board, teachers, parents, fund raising, and perhaps the pastor and external supporters where appropriate. Third, the marketing committee needs to be chaired by somebody who has significant influence within the school, and hopefully also has a working knowledge of marketing. In some cases this individual might be the principal, while in other cases it could be a knowledgeable member of the board.

In addition to the marketing committee, it is critical that a school have a clearly identified individual who is responsible for carrying out the decisions made by the marketing committee. It is important that this individual have some marketing background and/or experience also. If he/she doesn't have this background, it is important that the individual work with someone who has marketing experience and begin to develop his/her own expertise in marketing.

The marketing committee needs to recognize early in its effort that its ultimate success depends upon its ability to

communicate with, and draw involved support from, the various constituencies of the school. Without the involvement and eventual support of each of the constituencies, the marketing effort will have little chance of success. Thus, this involvement should begin early in any marketing effort, so that "ownership" in the effort is felt throughout the organization.

Several key questions that should be addressed in establishing marketing in the school are the following:

- Does the development of a marketing committee have the support and involvement of the top administration? (Remember, without it, the effort is unlikely to succeed.)
- What groups should be represented on the marketing committee?
- What specific individual should represent each group?
- Who should chair the marketing committee?
- What can be done to gain wide involvement and support?
- Who should carry out the decisions of the marketing committee?

The Marketing Audit

One of the first acts of the newly established marketing committee should be to conduct a marketing audit of the school. What is a marketing audit? A marketing audit is a comprehensive, systematic, and independent review of the school's environment, its marketing strategy, and its marketing activities. Such an audit must be comprehensive, because it must involve an evaluation of the entire school, as well as all of its marketing activities. It is not adequate, and is often very misleading, to focus on a small area or a narrow problem. The marketing audit must be systematic in that it is a review of the past, present, and future of the school with regard to the questions raised by the marketing audit. Finally, it must be independent, in that it must involve someone from outside of the organization who can provide an independent and objective appraisal of the areas studied. Without this independent perspective, a number of critical questions may never be asked.

As a result of conducting the marketing audit, the school will benefit in three ways.

- The school will develop a better understanding of those factors that can affect its ability to achieve its mission and objectives.
- The school will have an objective means of evaluating current marketing activities and performances.
- The school will identify its current strengths and weaknesses, as well as the opportunities and threats that need to be addressed by the school's marketing effort.

As a general rule, the marketing committee conducting the marketing audit should not be too large. However, input for the audit should be broadly sought from throughout the school, in order to involve those affected by marketing and building their commitment to the project. Suggestions for a method of conducting a marketing audit that appear to work especially well for schools that have never conducted a complete audit before are the following:

- Begin the development of the marketing audit effort by identifying an independent, outside individual—perhaps an impartial friend of a board member, a knowledgeable parent or an individual from a local college or university—who is familiar with marketing, and preferably familiar with the type of questions raised by the marketing audit.
- Introduce the concept and process of the marketing audit in a several-hour introductory workshop for all audit participants, where the outside individual can completely discuss the concept of a marketing audit, the meaning of the individual audit questions, and the process to be used.
- Assign smaller task forces to gather specific information, by answering the marketing audit questions as completely and objectively as possible. It is important at this stage that input be sought from all those involved with the school.
- Use the marketing committee to summarize and integrate the task force's results into a completed marketing audit.
- Have the outside observer review the findings, the summarized results and original data, and then develop an objective report for the marketing committee on the results of the marketing audit.
- Discuss the findings, and their meaning to the school, in the marketing committee as a key input to the school's development of future marketing efforts.

- Disseminate the findings to all those involved in the process, and provide opportunities for discussion and feedback on the results in order to build group consensus.

It is always interesting, to see how much more an organization knows about itself once the audit is done, than they did before they started. In some cases, it may be the first time that a school has had a comprehensive, objective view of where it has been, where it is, and where it is going. In all cases, it provides the school with benchmark information from which operational and strategic problems can be identified and solutions generated. Such information is absolutely invaluable for developing future marketing efforts. A simplified marketing audit is contained in the appendix, and can be used as a starting point for the school's efforts. More comprehensive audits and additional suggestions can be found in Kotler or Murphy (see Bibliography).

Identifying And Understanding Target Markets

Given the school's mission and objectives—now potentially refined and/or updated due to the results of the marketing audit—it is necessary to "listen" to the marketplace in two additional ways. First, the marketing committee needs to clearly identify the market, or markets, within the population that are most appropriate to achieving the school's mission and objectives. Said another way, with which specific markets does the school desire to create exchange relationships? For example, what students are most likely to be attracted to the school to continue their education, or what donors are most likely to be willing to contribute to the support of the school. A logical, but incomplete, answer to each of those questions is Catholic students within the parish or diocese, and successful alumni of the school, respectively. A related question is whether the markets have different needs and wants, which means they potentially need to be reached by different marketing mixes? If these different market needs and wants do exist, then the school may need to treat them as different market segments. Second, the marketing committee must develop a good understanding of the needs, beliefs, attitudes and purchase decision process used by these markets, or market segments, with respect to evaluating and selecting schools.

Each school has certain target markets, or groups of people, that they wish to serve. If these target markets are properly identified, they are also the markets most likely to respond to the market offering of the school. It is important to clearly identify these target markets, because it is through and understanding of these target markets that the school will eventually develop a marketing effort. A key is to define these markets in terms of their different needs and wants, or the benefits they desire. Families that desire a religious education, as well as an academic education, for their children are a more natural market for a Catholic school, than those parents who do not. Or, if a Catholic school has a curriculum relevant only to college bound students, then only those families within which the student intends to attend the university or college after graduation, are the appropriate target market.

As might be expected, when segmenting markets on their needs and wants, or their benefits desired, it may become evident that differences exist within the market. One group of parents may see a high quality academic education as the primary benefit they're looking for, while another family may be looking for a superior athletic program, and a third family may want a good general education program. Obviously, the benefits desired differ among these families. In other words, in this example the market needs and wants are not homogeneous, and consequently there is not a single market. Rather there are a number of smaller market segments identified here. Each of these target market segments may need to be treated separately, at least with respect to benefits offered and/or stressed.

A key to this is the concept of market segmentation. Market segmentation is basically the process of breaking up a large market with heterogeneous needs and wants into smaller more homogeneous markets that have very similar wants and needs. Given these smaller market segments with more homogeneous wants and needs, it is easier for the school to individually develop different market efforts toward the target market segments' individual needs and wants. For example, the religious growth of the student might be stressed to a Catholic family desiring both religious and academic growth, whereas the quality of education as preparation for entry to a top university might be

stressed to the family whose focus is more on the academic side.

A number of important questions that should be addressed with regard to understanding the composition of the market, and its possible segments are the following:

- Does the market the school wants to serve appear to have homogeneous needs, wants and benefits desired, or does there appear to be different groups within this market that have different needs, wants and benefits with respect to the school?
- How many different groups do there appear to be? How do the needs, wants and benefits of the groups differ?
- Are the needs, wants or benefits desired different enough to suggest the need to develop different benefits? If so, how should the benefits delivered be adjusted to satisfy each of the different groups?

The Consumer Decision Process

Consumer decision making can range from complex decision making to habitual decision making. Complex decision making is a high involvement process where the decision maker believes there are significant risks associated with making an "bad" decision. Because of this, the decision process can extend over a long period of time, and involve considerable collection and evaluation of information concerning the decision. Repeat or habitual decision making can be best described as routine purchase decisions. These are very low involvement decisions where past purchase behavior, or habits, determine the actual purchase.

While different individuals will approach the evaluation and selection of a Catholic school from their own perspective, it is best for the school to assume that an individual, or a family, will approach the decision process at the complex decision making level. Using this assumption, a school will develop a more complete marketing effort designed to provide information needed for the most complex decision process. An individual approaching the evaluation and selection of a Catholic school at the complex decision making level, generally moves through a five-stage process. The five stages, as shown in Exhibit 3 are problem recognition, information

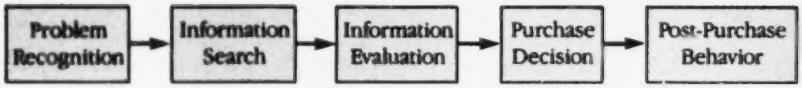

Exhibit 3 The Decision Making Process

search, information evaluation, purchase decision and post-purchase behavior. Individuals approaching the selection at a lower level of involvement or a repeat level may truncate this process significantly, or eliminate some of the stages altogether.

Problem Recognition

Problem recognition occurs when an individual realizes that he/she has a need or want that requires satisfying, or a problem that needs to be solved. For example, a family may have a child entering the eighth grade, and begin to feel the need to decide whether the child will attend a Catholic or public high school the following year. Let's assume the family approaches this as a complex decision making process involving both the parents and student, as well as possibly other members of the family. This means that considerable effort will be made to collect and evaluate information from a variety of sources, and that the process may require significant time. This problem recognition can be triggered by either internal motives or external stimuli. For example, an internal motive might be the parent's felt need for continued education within a religious orientation, or the felt need to know if the family should begin to plan for tuition payments. On the other hand, the student might have a very strong felt need to attend the high school his close friends are planning to attend. This problem recognition can also be triggered by an external stimulus, such as a brochure from the high school, a newspaper article about the high school, or a discussion about the value of a Catholic education by a pastor during Catholic Schools' Week. Once this problem recognition state exists, then this need becomes a drive that either must be extinguished or satisfied.

From a marketing point of view, it is important that a school gain a good understanding of the answers to a number of questions relating to the needs of individuals within the

school's target market or market segments, who are in the problem recognition stage of the decision making process. Some of the questions that a school needs to begin to focus its attention on in this first stage are the following:

- What internal motives (i.e., needs or wants) are likely to trigger problem recognition?
- How do these internal motives vary among different market segments, as well as between parents and students within each market segment?
- What external stimuli can a school use in order to stimulate this problem recognition?
- When is this problem recognition most likely to be triggered and acted on?
- How can a marketing program be put together to stimulate problem recognition, and help these individuals to move through the decision process to a successful conclusion?

Information Search

Once a need becomes a drive, unless it is extinguished, the individual will work his/her way through the decision process. The aroused individual may, or may not, search for information depending upon whether the individual sees this as a high or low involvement situation. Since we are assuming that the decision to select a Catholic school is generally a high-involvement decision, it suggests that the individual will begin to actively search for information in order to help him/her solve this problem. The higher the level of involvement, the more active the individual's search for information will become.

Possible sources of information that these aroused individuals might use include personal sources, commercial sources, public sources and experiential sources. Personal sources are other people who can help by either providing or evaluating information. An example would be a family friend, an older sister or the pastor. Commercial sources are marketing-based sources such as advertising, public relations, a brochure about the school, or a diocesan newspaper. Public sources include articles or stories in the newspaper, or on radio or television. Finally, experiential sources relate to the in-

formation that can be gained from an individual's actual experience with the schools in question, as well as Catholic education in general.

Key questions to which the school must seek answers relating to individuals in the school's target markets who are in this stage of the decision making process are the following:

- What kind of information (e.g., student success in college acceptance, class facilities, class size, tuition cost, etc.) are individuals searching for?
- Where and when are individuals searching for this information?
- How actively are they searching for the information (e.g., will they call the school and request it, or does the school have to see that it is placed in their hands because they are reluctant to request it)?
- How can the school "package" and distribute this information about the school in a way that it is most useful to the individual?

Information Evaluation

Once the information about the Catholic school is collected, the decision maker needs to process that information in a way that allows him/her to reach a purchase decision. While marketing has developed a number of different models of how this occurs, a very simple model suggests the following. From the information collected an individual develops an understanding of various attributes (i.e., features) about the school that may or may not be individually important to him/her. These attributes might be things such as the quality of education, the quality of teaching, how well run the school is, how much discipline there is, athletic programs, the number of Catholic teachers at the school, or a number of other factors.

Each individual evaluates these factors from his/her own point of view and decides how important they are to the decision to select a specific school. For example, an individual might believe that the quality of education and the quality of teaching are most important, whereas the location of the school is far less important. In developing an understanding of how important each of these attributes is to selecting a spe-

cific school, the individual has developed his/her "evaluative criteria." The attributes chosen by an individual as being most important, become the attributes that he/she uses to compare schools in order to identify the one perceived to be most able to deliver the benefits desired. At the same time an individual is identifying how important various attributes or criteria are to the decision, the individual is also developing an "image" of the Catholic school itself. In this process, the individual evaluates how well he/she perceives that the school can deliver each of the important attributes. For example, the individual's perceived image of the school may be that it is strong in teaching and provides a very good education, but location and facilities are poor.

To reach a decision, the individual compares his/her perception of the school's image with the evaluative criteria identified as important. If the individual perceives that the school is very good in terms of those attributes that he/she feels are most important, then he/she will probably make a positive decision on attending the school. For example, if the quality of education, and teaching, are most important to an individual, and the school also is perceived to be strong in delivering these attributes, a decision will likely be positive. On the other hand, if the school is perceived to be weak in terms of the quality of education, then it is unlikely that this school will be selected.

Again, there are a number of marketing questions relating to this phase of the decision process that the school needs to answer concerning the individuals that are a part of the school's target markets. Some beginning questions in this area are the following:

- Which of the school's attributes are included in the individual's evaluative criteria?
- How much importance is an individual attaching to each of the evaluative criteria or attributes?
- How does the importance of specific evaluative criteria vary among different market segments, as well as between parents and students within each market segment?
- How well is the school seen as being able to provide satisfaction on each of the attributes, given the individual's perception of the school's image.
- How do these perceptions of the school's image vary among different market segments, as well as between parents and students within each market segment?

- How can a marketing program be developed to help an individual establish appropriate evaluative criteria?
- How can a marketing program be developed to project an appropriate school image?

Purchase Decision

As a result of the information evaluation, an individual will generally make a decision concerning a purchase intention, in this case either for the student to attend the Catholic school or not. Unless something else happens to change his/her attitudes, or some unanticipated circumstance occurs, the student is likely to enroll, and the decision process is close to over.

At this stage of the decision process there is somewhat less that the school can do than at some of the other stages. However, there are still a number of questions relative to individuals within the school's target market, or market segments, that need to be answered including the following:

- What intentions does an individual have with regard to the student attending the school, once the information evaluation stage is completed?
- On which specific evaluative criteria, or attributes, are these intentions based?
- How strong are these intentions?
- What could happen that would keep this individual from carrying out these intentions?
- How can a marketing program be developed to make it easy for an individual to carry out their purchase intentions?

Post-Purchase Behavior

Even after a purchase decision is made, the marketing process is not completed. The individual's purchase decision has been made as a result of certain expectations about what will occur when the student attends the school. One of marketing's key jobs is to see that those expectations are reached, or exceeded, in the delivery process. If the decision to attend

the school was reached because the individual felt the school could deliver good education and good teaching, then this good education and good teaching must be delivered. Unless it is perceived by the individual as being delivered, then cognitive dissonance, or dissatisfaction, will develop. Such dissonance is a result of pre-purchase expectations not being met. Dissonance is the opposite of satisfaction. If dissonance exists, then it must be reduced. Unless an individual is satisfied with the benefits that he/she is receiving from the school, it is unlikely that the student will continue to attend the school.

Even after a student is enrolled in a school, it is necessary to understand how the student and his/her parents feel about the school. How satisfied each of the parties is to the exchange relationship is critical to its continuance. Thus, the school must—once again—seek to answer a number of questions about individuals within its target markets. Suggestive of these are the following questions:

- How satisfied are the individuals—both parents and students—on each of the evaluative criteria deemed important to them?
- Where are the specific areas of dissatisfaction for individuals and what can be done to improve satisfaction in these areas?
- How is satisfaction with the school's overall market offering, as well as specific elements within the market offering, changing over time?
- How can the school refine its marketing program to maintain, or improve, the levels of satisfaction being delivered?

Understanding how an individual moves through the consumer decision making process is critical to the development of a marketing effort for a Catholic school. An understanding of the process tells the marketing committee what needs to be done to stimulate problem recognition for individuals within their target market, and help them to move through the decision process to a successful conclusion. It tells the marketing committee what basic needs motivate this individual, where this person will go to search for information, and what type of information will be looked for. Perhaps most important, it provides the marketing committee with an understanding of the evaluative criteria the individual will use to reach a decision concerning the selection of a Catholic school, as well as an understanding of the individual's per-

ceptions of the school, and its image, on these same factors.

This knowledge gained by the marketing committee from "listening" is critical. It comes from knowing well those individuals the school desires to serve. In some cases this knowledge can be gained through close, personal observations of these individuals. More often, it takes the use of formal surveys to gain this level of understanding. In either case, it is the input on which the school's marketing effort must be developed. In effect, a well developed marketing program (i.e., the school's total marketing effort) will be designed around this information, and will help the individual to move through this decision making process as easily as possible. In fact, it should be designed to help them move through to a successful decision, even if that decision is not to select the Catholic school. Attracting someone to a school that is inappropriate for them, or deceiving them as to the benefits that can be delivered, will only lead to cognitive dissonance when these benefits desired are not delivered. Unfortunately, no one spreads the word about a school more rapidly than someone who is dissatisfied, and that can readily destroy the image a school is attempting to project.

CHAPTER 3

PLANNING AND IMPLEMENTING A MARKETING EFFORT

Introduction

Planning and implementing a marketing effort for a Catholic school requires two separate, but interrelated, decisions. The first decision involves the selection of a target market, or market segments, as discussed earlier. The second decision involves the development of a marketing mix for the school that is designed around the market's needs and wants. Developing the right marketing mix for a school means developing the right product to match market needs and wants. Then the exchange is completed by getting this product to the right place, at a price affordable to the market, while promoting the product to help facilitate the exchange. These four key elements in the marketing mix (i.e., product, place, price and promotion) were shown in Exhibit 2. Although each of these elements will be discussed separately, it is important to remember when planning the various marketing efforts, that all of the elements of the school's marketing mix must be integrated to deliver the desired benefits.

As indicated earlier, even though Catholic schools have not realized it as a result of attempting to serve various markets in the past, they have indeed been marketing. Thus, each Catholic school has a marketing effort. Every school makes product decisions such as the specific mix of classes offered, as well as the mixes of extracurricular and athletic activities offered. Every school makes place, or distribution decisions such as location and transportation decisions. Every school makes promotion decisions such as the use of brochures, catalogs, advertising and speakers. Finally, every school makes pricing decisions such as tuition, fees and scholarships. The

real question that a school must ask, is whether these decisions are made as part of an integrated marketing effort? Unless the answer is yes, then marketing can be a valuable addition to the school's effort to serve its desired target markets.

It is important that the reader note everything that has been undertaken prior to the development of the marketing effort. With a good knowledge of target markets, their wants and needs, and an understanding of their purchase decision process, is it now—finally—time to begin to develop a marketing mix to actualize the exchange relationship. Many schools attempts to begin their marketing efforts at this point in the process without knowing what has already been discussed here. Most of these efforts fail! As a Catholic school develops its marketing mix it must keep several things clearly in mind.

- To be most effective, all of the elements in the school's marketing mix must be treated as a mix, or blend, that integrates the individual efforts to maximize their effect on the market.
- The marketing mix must be developed around the market's needs and wants, as well as their purchase decision process.
- Individual marketing mixes must be considered for different market segments, although these may be combined if the needs, wants and decision making processes of these segments are similar.
- The effectiveness of the marketing mix and the individual marketing elements must be measured, so that they can be refined on a continual basis.

The Product Mix

The first of the four marketing elements in a Catholic school's marketing mix that must be planned and implemented is the school's product mix. As defined earlier, a product is a good, service, program or idea that is offered to the market to satisfy a need or want. In developing this product mix it is necessary for the school to focus on the target market and the benefits desired by this market, in order to understand the benefits that must be delivered by the product mix. This external orientation is not "natural" for many people involved in planning a school's product mix. A more "natural" orientation is to focus on developing a product mix

from the school's point of view. Certainly this is necessary and desirable, but it is also inadequate. Equally important, the product mix must be developed in a way that the market sees it as desirable, because it will deliver the benefits desired.

One way to reinforce this external, customer-oriented focus is to view the product as having three levels as shown in Exhibit 4. At its most basic level, a product delivers core benefits or services desired by the market. These core benefits suggested earlier could include educational qualifications, personal growth, social interaction and guidance. A key job for a school's marketing committee is to uncover the benefits being delivered by a given product, and then market the benefits rather than the product features.

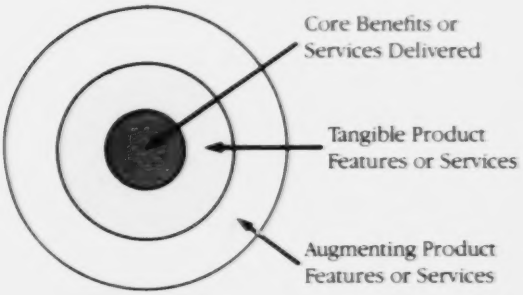

Exhibit 4 Three Levels of a Product

At the next level, a product has a number of tangible features and services that help to create the benefits delivered. These tangible elements could be variables such as program features, quality levels, organizational style, program packaging and school name. Program features might include such elements as computer-based coursework, or self-paced learning. Quality might relate to the quality level of programs and teaching maintained in the school. Organizational style might relate to using a very rules-oriented authoritarian philosophy vs. a democratic, participatory style of managing the school. Packaging might relate to how the individual courses are "packaged" into programs of study. School name relates to the image held by the public of the school and its reputation.

At the final level, a product may be augmented in additional ways, in order to see that it fits into the market's consumption system. This might include additional services and benefits necessary to see that the core benefits of the product are delivered. For example, some schools that are using computer-based coursework are building the price of computers into the tuition cost, and then providing each student with a computer to assure that the system works. A college in Iowa that has an excellent record of graduating superior teachers, has gone even further. Given their very high quality product (i.e., the teachers they graduate) and the past record of success these teachers have, the college is now offering a guarantee to the schools that hire their graduates. If the school system is unhappy with the graduate's teaching performance, the college will send an instructor to the school to work with the graduate at no cost to the school. Isn't this the epitome of guaranteeing customer satisfaction?

In reality, a Catholic school offers a number of different product items to its market. A portion of a hypothetical product mix for a school is shown in Exhibit 5. A complete product mix would contain all of the product items of the school's curricular and extra-curricular offering. Examples of specific product items that must be planned for and delivered are "Honors Biology" or "Fundamentals of the Catholic Faith." At a broader level, a school offers a number of product lines, or groups of closely related product items, such as Science or Theology. At the broadest level, the courses offered would represent the curricular portion of the school's product mix. Thus, the curricular portion of the school's product mix would be composed of all academic product items (i.e., courses) and product lines (i.e., areas of study) offered. The school's total product mix would also include a number of product items in the extra-curricular area. Shown in the hypothetical example are two additional product lines (i.e., Activities and Athletics) each of which has four product items.

The challenging job of developing a school's product items and lines is the need to develop an appropriate product mix that delivers the benefits that are desired by the market (i.e., students and parents) to adequately prepare them for their future education and life choices, as well as to meet state educational requirements. Since needs, wants

Exhibit 5 A Partial Product Mix of a School

CURRICULAR		EXTRA-CURRICULAR	
REQUIRED COURSES		ACTIVITIES	ATHLETICS
Science	**Theology**		
(1 unit required)	(4 units required)	Drama Club	Varsity Football
Biology	Fundamentals of the Catholic Faith	Science Club	Varsity Basketball
Honors Biology		Art Club	Varsity Field Hockey
Chemistry	Introduction to the Bible		
Honors Chemistry	Christian Community		
Physics			
Honors Physics	Contemporary Moral Problems	Debate Club	Intermural Basketball
Advanced Placement Chemistry	Social Mission of the Church		
Science Seminar	Senior Service	etc.	etc.
	Professional Ethics		

and requirements change, a school's product mix of curricular and extracurricular offerings, must be viewed as changing rather than fixed. For example, two relatively recent external changes that have caused schools in many areas to revise their curricular offering, are the growth in the acceptance and use of the personal computer and changing state graduation requirements. Thus a school's product mix has to be looked at as a dynamic product offering. Unless the school's product mix is kept very current in terms of changing market needs and wants, changing accreditation requirements and competitive product offerings, a Catholic school will not continue to meet the expectations of the market.

From a marketing point of view, it is important that a school design and continually review its product items, product lines and product mix to assure that they are delivering the benefits desired by the markets that it serves. Some beginning questions that a school might want to consider in designing, evaluating or revising all elements of its product mix are the following:

- What are the core benefits or services desired by the market, with respect to the school's product items, lines and mix?

- How well are the school's product items, lines and mix delivering each of the desired core benefits or services?
- What changes could be made in the school's product items, lines and mix to improve the core benefits or services delivered?
- What role does each of the tangible product features or services play in helping to deliver the core benefits or features?
- What changes could be made in each of the tangible product features or services to improve the core benefits or services delivered?
- How are the present products being augmented to help them deliver core benefits and features?
- What changes could be made in the augmentation to help the product deliver higher levels of core benefits and features?

The Place Or Distribution Mix

Place, or distribution systems, are concerned with how a Catholic school makes its product mix accessible to the markets it is attempting to serve. Distribution of the market offering is critical to a Catholic school's marketing effort, since the convenience associated with an exchange relationship can raise or lower the satisfaction received in "consuming" a given product. At the college level, many new and different systems have been developed to distribute education to selected target markets. In some large cities, college credit is earned by tuning to a course on TV, completing the course examinations at home and then returning them by mail. In these same cities executives earn their MBA by attending class for two years on Fridays and Saturdays, while they maintain their jobs. If you lived on Long Island, you could get an MBA while commuting on the Long Island Railroad, since courses are taught on the train daily. Each of these are alternative place or distribution systems, that have been implemented because it brought the product mix in contact with the market and made it easier to consume.

It is important that a Catholic school develop an accessible and easy-to consume distribution system within the school. This can be affected by the physical facilities, the amount and quality of equipment available, the teaching systems used, the

attitude of teachers and staff, the guidance and counseling systems, the coordination of events, and anything else that affects how easy—or how difficult—it is to bring the product benefits delivered in line with the benefits desired. It is in the school's best interest to make its product mix as easy to consume as is possible. With a very supportive distribution, or delivery system, an appropriate product mix is far more likely to deliver the benefits desired to the market. Students have a better chance of gaining the desired benefits from the school's product mix, when the distribution system supports—rather than retards—their efforts.

However, a school's internal delivery system must go beyond the student. Since education is most often a joint decision process between parents and student, a Catholic school's internal delivery system must also concern itself with how easy it is for the parents to interface with the school. This could be affected by such things as the ease of parent-teacher contact, responsiveness to parent suggestions and requests, parent involvement with the school's decision-making process, and continuing parent information as to the school's mission, purpose and objectives, as well as how well they are being carried out.

The place, or distribution system, outside of a Catholic school focuses on how the school's market offering and the target market can be brought together. This question focuses primarily on the location of a Catholic school relative to the target market. As long as a Catholic school is located in close proximity to the target market, the cost of bringing these two together may be small, with the solution being students walking to school. As a school serves larger areas, or as a school and the target market become geographically separated, both monetary cost (i.e., transportation) and nonmonetary cost (i.e., time and inconvenience) increase. As these monetary and nonmonetary costs increase, it is necessary for a school to improve the value of its market offering by finding ways to decrease the cost of bringing the student and the school together. This may require the development of bus transportation for some geographic areas, or even the whole market in some situations. On the other hand, the solution may be as simple as setting up a system to help families car-pool. As always, it is a trade-off of benefits, costs and prices. As the monetary and nonmonetary costs rise due to inconvenience, the value of the market offering to those families who are paying

these higher costs decreases. Consequently, the school needs to find some way to increase the value of the school's market offering, and often this means finding a way to reduce the inconvenience of the geographic location problem. With a proper marketing effort, the market is often willing to pay all, or part, of the cost necessary to reduce this inconvenience.

Questions that can help the school to refine its place or distribution mix, are the following:

- How are the school's product items, lines and mix currently being distributed or delivered?
- Are any elements of the school's internal delivery system (e.g., classrooms, equipment, timing, etc.) detracting from the core benefits or services being delivered, or raising the monetary or nonmonetary costs of consuming these?
- How can any of these elements be changed to increase student or parent satisfaction with the delivery system? How willing is the market to help pay for these improvements?
- How convenient is the school's location perceived to be?
- What monetary and nonmonetary costs is the market currently experiencing with regard to location and/or transportation?
- What opportunities exist to reduce these monetary and nonmonetary costs, and how willing is the market to help pay for these improvements?

The Promotional Or Communication Mix

Promotion is the school's attempt to establish contact with its various publics and markets through persuasional communication. Unfortunately, all organizations—Catholic schools included—tend to over-estimate the awareness and knowledge that the market has about the organization. This is a natural, but a potentially very damaging bias! Fortunately, promotion is the external element of a school's marketing effort that can reach out and "talk" to selected target markets about a school and its market offering. To work best for a school, promotion should always be positive and persuasive. Equally important, promotion should never be undertaken until all of the other elements of the market offering are developed, and ready to be delivered. A key rule of marketing is to never promote a poor product, or a product that is not

ready to be delivered to the market. To do either can only hurt the image and reputation of the school.

All promotional efforts must begin with an objective. The three broad objectives of promotion are to inform, persuade and remind. A school must inform its target markets about the school, and its market offering. In fact, a Catholic school must begin its promotional effort by informing the market that it exists, before anything else can occur. Unless the market has an awareness that a school exists and some knowledge about the school, then it is impossible for the market to begin to develop attitudes and beliefs about the school. For example the market needs to know what the school's mission and objectives are, what the school does, why the school is needed, what benefits it offers.

The second thing that a school must do is to persuade its target markets. It must persuade the target markets that the school has desirable benefits to exchange. It must persuade the target markets that its cause is good, and that it is an organization worth considering. It must persuade the target markets to support it by presenting its benefits and convincing the market that these benefits are better than those that could be provided from some other organization. It is through persuasional promotion that a school begins to build beliefs and attitudes about the school that hopefully lead to a preference for the school.

Finally, a school must continually remind its target markets. It must remind its target markets that it exists and what it stands for, because people tend to forget. In fact, a school must constantly maintain a presence in the mind of those it hopes to serve. Unless a school maintains an active "presence in the marketplace," it will not be kept active in the mind of individuals in the target markets. This active awareness of the school by a number of publics and markets is of critical importance to its long-run success. It is through this reminder promotion that a school keeps "top-of-mind" awareness of the school among its various publics and markets.

A key to an organization's successful promotion is to make sure that the school integrates all of its promotional efforts. All messages—planned or unplanned—must clearly communicate common themes. A school cannot afford to confuse the marketplace, by sending the market mixed signals about what it is, or what it stands for.

A prerequisite to creating a clear image and message to

various publics and markets, is that the school have a very clear idea of the image and messages that it hopes to convey. Without this clear understanding of itself and the messages that it desires to deliver, promotion will only succeed in reinforcing an impression that the organization is confused. Thus, it is critical that the school have a very clear idea of where it is, what it stands for and where it's going, long before it begins to use any promotion. For example, if a school wants to create an image of "Excellence in Education with a Personal Touch," then in fact it needs to deliver both of these, and all of its promotional efforts need to be focused around these points.

In developing any promotion, it is important to realize where the school's promotional process must begin. To be successful, promotion must begin with the proposed receiver and the response sought, rather than with the sender. To develop a good promotional effort, a school must begin by identifying what objective the school intends to achieve as a result of the communication process. Said another way, what response does the school desire from the market. Is it desired that the market learn more about the school, or is it desired that the market take a certain action such as coming to a meeting? As a result of knowing who the respondent is, and what reaction is desired, the school must send a message that the receiver will be able to understand, and then use a channel of communication that will reach this respondent. If this process works successfully, and the respondent is receptive to the message, then the appropriate response will be taken. This process is the same regardless of whether a school is using an advertisement to inform the public about an open house, a brochure to attract a student, or personal selling (i.e., contact) to gain better press coverage in a newspaper. Each of these promotional efforts is an attempt to secure a specific reaction from an identified target market.

While the marketing committee of a school has a number of specific tools available to carry out the promotional effort, the major promotional tools (i.e., channels of communication) used are advertising, personal selling, publicity and sales promotion. Each of these promotional tools, and examples of each, are given below:

- *Advertising*—any paid form of nonpersonal promotion or communication of goods, services, programs or ideas by an identified sponsor. Examples of advertising

are brochures, catalogs, directories, display signs, mailings, print and broadcast ads, and symbols and logos.

- *Personal selling*—an oral presentation in conversational mode between a seller and prospective buyer for the purpose of making a sale. Examples of personal selling are sales presentations, sales meetings and telemarketing.
- *Publicity*—any nonpersonal promotion or communication of goods, services, programs or ideas to stimulate their demand through obtaining favorable presentation of them on the radio, television or in the newspaper at no cost to the sponsor. Examples of publicity are annual reports, case statements, press kits, public relations and speeches.
- *Sales promotion*—short-term incentives designed to create interest in, or the purchase of, goods, services, programs or ideas. Examples of sales promotion are demonstrations, exhibits, low-interest loans and reduced price for multiple children enrolled.

The key to developing an overall promotional mix for a school is to use a mix of these promotional tools that reach the desired target markets and gain the response sought. Until a school is more familiar with each of these tools, it is often an area where the marketing committee may want to seek professional help. In general, advertising is useful to reach numerous geographically dispersed people at a relatively low cost per exposure. Personal selling is useful to reach specific individuals where a dialogue is necessary. Publicity is useful to reach a number of publics and markets to maintain a favorable school image. Sales promotion is useful to create a relatively quick response from the market. More specific information on the advantages and disadvantages can be found in Kotler, Murphy or Campbell (see Bibliography). Beginning questions to ask when developing any promotional effort are the following:

- With which target market is the school attempting to communicate?
- Why is the school communicating?
- What response does the school desire?
- What does the school know about the needs, wants and purchase decision process of this target market?

- How can the school send the message in a way that it will be correctly received and understood?
- What is the best channel of communication to reach the target market?
- How does this message fit in with other messages the school is sending?
- Are all of the promotional messages stressing common and related themes?
- Does the school have a way to measure the results of the message on the target market? If not, can one be created?

The Price Mix

The fourth element of the marketing mix is price. Price is very different from the other three P's. When a Catholic school develops product, place and promotional mixes, the school is investing its funds in the creation of a market offering designed to deliver benefits to certain target markets. Each of these mixes is part of the benefits delivered, and each adds to the value of the exchange. Price, on the other hand, is what a school asks the target market to give up, in order to obtain the rest of the school's market offering. Price for the school is cost for the family. For the price of a market offering to be acceptable to an individual, the individual must desire the market offering, and perceive the value of the benefits to be greater than the price that must be paid. The greater the perceived value of the market offering, the more that an individual will be willing to pay for the exchange. If the perceived value of the offering falls below the price, then the exchange will not be made. Again, it is a trade-off of perceived benefits delivered versus the cost of acquiring those benefits.

When looking at the question of price, a school must consider cost, demand, and competition. A school's cost is the "investment" it has in delivering the market offering. To survive for any length of time, a school must cover those costs by tuition, or some other means. Thus, a school's total cost of delivering its marketing offer to an individual should become a desired minimum price level. If it cannot achieve this level through tuition, then some other source of funding, such as diocesan funding or fund-raising become a necessity. Demand is a measure of how much an individual is willing to pay to receive the market offering. Demand is a very individ-

ual thing. To someone who has very little money, the market demand for a Catholic education may be much lower than someone who has significant resources. The first individual may be willing to pay $500 for a semester of education, whereas the latter may be willing to pay $4,000 or $5,000 per semester. Market demand determines the highest level at which a school can price its market offering. Unfortunately, as every Catholic school is aware, the higher the price is, the lower the demand for a particular market offering becomes.

Competition is the third factor that must be considered by a school in determining price. Competition is composed of the other schools in the area providing a market offering similar to that of the school. Depending upon the price on their market offering, and how similar it is to the school's market offering, the competition can drastically affect the price that can be charged by a given school. By looking at cost as a minimum price, market demand as a maximum price, and demand as a moderating factor between them, the school gains a good idea of the pricing range available to it. It must then balance this price range against the market's perception of the value of the market offering, and select a particular price to be charged.

When thinking about price however, it is important for a school not to focus exclusively on price in terms of dollars. Total price to an individual considering a school includes both monetary and nonmonetary costs. Monetary cost is the initial and continuing dollar cost of a student attending a school. Nonmonetary cost of attending the school, is often equally important, and includes factors such as convenience, attitudes, time and other effort required. Even when monetary cost is the major element in the price mix, the nonmonetary cost often can tip the scale. Often by something like improving the distribution system, and thereby lowering nonmonetary cost, the monetary cost of a school doesn't seem as great as it did before. Thus, a school must concern itself with both monetary and nonmonetary costs to the consumer when looking at its pricing situation. Even more important, it is necessary to remember that whether a price is high or low relates to the perceived value of the rest of the market offering. As long as the perceived value of the market offering can be raised, then there is room to look at an increase in price also! The key is to add value that is desired by the target markets.

Finally, it is necessary for a school to realize that price can also be seen as an "active" element in a school's marketing mix. In other words, price can be variable. The use of scholarships, aid packages, family discount plans, low-cost loans, etc. all have the effect of reducing the cost of obtaining the rest of the market offering. A school needs to continually seek out additional ways to reduce the total cost, as a means of increasing the total value of the market offering.

Questions that might be asked in refining a school's pricing mix could include the following:

- How fair does the market perceive the school's price to be? Could it be higher? Does it need to be lower to attract an adequate number of students?
- What effect would an increase or decrease in price have on the school's total revenue generated?
- What price range is suggested by the school's cost, market demand and competition? Is there an appropriate price within this range that equates with the market's perception of the value of the school's market offering?
- What are the actual monetary and nonmonetary costs being paid by the market? Are there ways to decrease these?
- How can price be used as an "active" variable to reduce the price of purchasing the school's market offering?
- Are there some elements of the school's market offering that could/should be "packaged" and priced separately, so that only market segments desiring these elements will have to pay for them?

Where do you go from here? Now you know what marketing is, and you understand what needs to be done to develop a good data base and plan a marketing effort. But how do you begin? The answer is more simple than you might think. Simply begin to do what you have just learned. Here is a seven-step process to get a marketing effort started in a Catholic school, or any other nonprofit organization.

Step 1—Establish a Marketing Committee. At first the committee need not even be a formal committee. Whether it

is a formal, or an ad hoc, committee make sure that it has high level support and involvement; that it has broad representation; that it be chaired by someone influential in the school who has some marketing knowledge; and that someone be responsible for carrying out the decisions of the committee.

Step 2—Develop a Good Data Base. Conduct a marketing audit of the school using the knowledge that you have gained and the marketing audit questions in the appendix. Remember to be as objective, systematic and comprehensive as is possible, but also remember to be realistic. Everything cannot be identified in a single audit. In fact, some schools will simply not have answers to many of the questions asked. Don't worry about it now, but do remember that these unanswered questions are areas in which the school needs to do additional work.

Step 3—Identify Opportunities and Problems. As a result of the marketing audit, the marketing committee will be able to identify a number of opportunities and problems facing the school. Develop a prioritized list of these opportunities and problems related to marketing, and identify those that need to be addressed immediately.

Step 4—Develop Prioritized Marketing Objectives. Develop a list of prioritized marketing objectives that address the opportunities and problems identified. Make these specific and measurable. For example, if declining enrollment is a problem, a marketing objective might be to identify to specific cause(s) of the decline within 90 days through a survey of student families. These objectives should focus the efforts of the marketing committee. How many objectives can be dealt with in a given year will depend on the magnitude of the objectives and the time and funding available.

Step 5—Identify Target Markets and the Market's Decision Process. Make sure that the objectives are tied to specific target markets, or market segments, so that appropriate marketing efforts can be undertaken. Also make sure that the marketing committee has a good understanding of the target market segments purchase decision process when appropriate. If you need it, get the additional information before going on.

Step 6—Develop and Implement the Marketing Effort. Develop a marketing mix designed to create an exchange relationship with the target market. Remember that the marketing mix must deliver the benefits desired by the target market. Plan and implement a mix of product, place, price and promotion efforts to deliver these benefits. Focus on the questions suggested earlier to achieve this.

Step 7—Measure the Results and Revise as Necessary. Always remember to measure how well the marketing efforts have achieved the objectives identified. Only when these efforts are measured, can the marketing committee see how well the efforts are working. Through this, the marketing committee will be able to refine its marketing efforts to become more effective and efficient over time.

Happy Marketing!

Appendix

A Marketing Audit for A Catholic School

The Marketing Environment

1. What effect will the short-term and long-term economic situation have on the school, and its ability to achieve its mission and objectives?
2. What effect will trends in the size, age distribution, birth rate and religious preference in the local area have on the school?
3. What are the public's attitudes toward the school and its present market offering?
4. What changes are occurring in the market size and demographic distribution of the school's student market? Can high growth and low growth market segments be identified?
5. How do current and prospective students and their parents rate the school and its competitors with respect to each element of the school's market offering? What are the needs, wants and benefits desired from the school? How do these market segments reach a decision on which school a student will attend?
6. Who are the school's competitors in attracting these students? What are the school's perceived strengths and weaknesses? What are the competition's perceived strengths and weaknesses?

Marketing Strategy

1. Are the mission and objectives of the school clearly stated, and do they logically lead to the marketing objectives for the school?
2. Are the marketing objectives for students/parents/donors

and other markets clearly stated in order to guide marketing planning, implementation and control?

3. Are the marketing objectives appropriate, given what is known about the market, competition and the school's resources?
4. What are the school's marketing strategies to develop product, place, price and promotion into a marketing mix that will deliver the benefits desired by the market?
5. Are the school's resources adequate to carry out these strategies and achieve the desired objectives?
6. Are these resources optimally allocated to different market segments and the different elements of the marketing mix?

Marketing Activities

1. How does the marketing process work at the school? Are there ways to increase its effectiveness and/or efficiency?
2. What does the market's purchase decision process look like, and what marketing activities of the school are occurring at each stage of the process?
3. How are the marketing efforts organized and staffed at the school? Why? Is there a high level marketing individual with adequate authority and responsibility over all marketing activities that affect consumer satisfaction?
4. Is there a marketing research, or marketing information, system at the school? Is the system providing accurate and timely information on the market, and present and prospective students/parents/donors? Is the system measuring the effectiveness and efficiency of the school's marketing efforts?
5. Is there an annual planning process adequate to direct the school's marketing efforts? Is it tied to a control system to measure if annual objectives are being met?
6. Have specific objectives and strategies been established for each of the school's marketing efforts, and is the effectiveness of each being measured?
7. Are the school's various marketing efforts, and especially the promotion effort, being integrated into a unified effort to project a clear, attractive and realistic image of the school? Are any of these efforts in conflict with any of the others?

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NATIONAL CATHOLIC EDUCATIONAL ASSOCIATION
Suite 100, 1077 30th Street, N.W.
Washington, D.C. 20007-3852
(202) 293-5954